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STATE FOR EAP, PM, EAP/MTS (MARCIEL)
NSC FOR WILDER AND FOO

E.O. 12958: DECL: 09/05/2017
TAGS: [ECON](#) [PGOV](#) [PREL](#) [PTER](#) [RP](#)
SUBJECT: FIGHTING TERROR AND SPARKING GROWTH: LIKELY TOPICS
FOR BUSH-ARROYO AT APEC

Classified By: Ambassador Kristie A. Kenney for reasons
1.4 (b) and (d).

¶1. (C) Summary: President Gloria Macapagal Arroyo hopes that she and President Bush will have a few minutes to talk at the September 7 APEC meeting in Sydney, Australia. Palace Executive Secretary Eduardo Ermita (equivalent of the White House chief of staff) and Foreign Minister Alberto Romulo separately told the Ambassador that in a possible pull-aside meeting with President Bush, President Arroyo would likely raise the Philippine military's progress against terrorists in the southern Philippines; positive developments in the Philippine economy; and Philippine participation in the Millennium Challenge Corporation. End Summary.

"Hard Power" Not Enough

¶2. (C) President Arroyo will likely tout Philippine successes in the fight against terrorism and emphasize that the Philippines is a key U.S. partner in this effort. Despite taking an estimated 59 casualties over the past month in fighting in southern Mindanao, the Philippine military has continued to steadfastly chase down Abu Sayyaf fighters and other international terrorists. However, the Philippine government remains committed to the peace process and is complementing military "hard power" with what it terms "soft power," including U.S. development assistance and joint U.S.-Philippine civil-military operations in Mindanao. According to Secretary Ermita, such joint activities and development aid help steer the local population away from supporting terrorists and toward a productive, prosperous future.

Seeking Interfaith Understanding

¶3. (C) Her advisors indicate that President Arroyo will also tell President Bush of her efforts to involve religious leaders) including Muslim, Catholic, and Protestant representatives) in creating conditions for lasting peace in the southern Philippines. The Philippine government has reinvigorated the "Bishops Ulama Forum," an organization of bishops and Islamic scholars (ulamas) established in 1996 in Mindanao to help the government implement the peace agreement with the Moro National Liberation Front (MNLF). The Forum continues to promote interfaith understanding and tolerant views and President Arroyo is hopeful that peace talks with the Moro Islamic Liberation Front, an MNLF splinter group,

will lead to an agreement in the near future.

Becoming an MCC Compact Country

¶4. (SBU) President Arroyo may also want to discuss Philippine economic progress with President Bush, highlighting the 7.5 percent economic growth last quarter and growing foreign investment. She would likely also cite Texas Instruments \$1 billion investment in new facilities at the Clark Development Area (the former U.S. airfield). President Arroyo may raise the Philippine government's interest in graduating from a Millennium Challenge Corporation threshold country to a compact country.

Suggested Topics for President Bush

¶5. (C) The pull-aside meeting presents an excellent opportunity for President Bush to again thank the Philippines for its steadfast partnership in the fight against global terrorism, commending in particular those brave Filipinos who gave their lives in the effort. President Bush may also want to commend the Philippines for its continued commitment to Philippine Defense Reform, an important and successful tool in transforming the Philippine military into a more transparent, accountable, and effective institution, and pledge continuing U.S. support for military modernization and training. Finally, the President may want to convey U.S. concern regarding unresolved extrajudicial killings, which undermine confidence in the rule of law and in the armed forces, and the importance of apprehending suspects and

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providing a fair judicial process.

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KENNEY